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NEW APPLICATION

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17)

Sallquist & Drummond, P.C.  
2525 East Arizona Biltmore Circle  
Suite 117  
Phoenix, Arizona 85016-2129  
(602) 224-9222

2001 MAY-23 - A- 9: 09

AZ CORP COMMISSION  
DOCUMENT CONTROL

Attorneys for Desert Hills Water Company, Inc.

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

**W-02124A-01-0425**

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION OF )	DOCKET NO. W-02124-00-_____
DESERT HILLS WATER COMPANY, INC. )	
FOR AN EXTENSION OF ITS CERTIFICATE )	<b>APPLICATION FOR EXTENSION</b>
OF CONVENIENCE AND NECESSITY FOR )	<b>OF CERTIFICATE OF</b>
THE PROVISION OF WATER SERVICE IN )	<b>CONVENIENCE AND</b>
PORTIONS OF MARICOPA COUNTY, )	<b>NECESSITY FOR WATER SERVICE</b>
ARIZONA, )	<b>AND APPROVAL OF RELATED</b>
)	<b>AGREEMENTS</b>
)	

This Application is substantially in the form prescribed by the Commission.

A. The name, address and telephone number of the Applicant is:

**Desert Hills Water Company, Inc.**  
**34647 North 10<sup>th</sup> Street**  
**Phoenix, Arizona 85027**  
**(602)582-0219**

B. The name, address and telephone number of management contact:

**Mary Beth Rowland, Vice President**  
**34647 North 10<sup>th</sup> Street**  
**Phoenix, Arizona 85027**  
**(602)582-0219**

1 C. List the name, address and telephone number of the operator certified by the Arizona  
2 Department of Environmental Quality:

3 **Mary L. Ripplinger, President**  
4 **34647 North 10<sup>th</sup> Street**  
5 **Phoenix, Arizona 85027**  
6 **(602)582-0219**

7 D. List the name, address and telephone number of the attorney for the Applicant:

8 **Sallquist & Drummond, P.C.**  
9 **Richard L. Sallquist**  
10 **2525 East Arizona Biltmore Circle**  
11 **Suite 117**  
12 **Phoenix, Arizona 85016**  
13 **(602) 224-9222**

14 E. Attach the following exhibits that apply to you:

15 1. Certificate of Good Standing (if corporation)

16 **To be late filed as Exhibit A.**

17 2. Corporate Resolution Authorizing this application (if required by the corporation's  
18 Articles of Incorporation)

19 **N/A**

20 F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section  
21 description) or **METES AND BOUNDS** survey. References to parcels and dockets will  
22 not be accepted.

23 **Please see attached Exhibit B.**

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area  
requested. Also indicate present Certificated area using different colors of shading and  
outline.

**Please see attached Exhibit C.**

H. Attach a current balance sheet and profit and loss statement.

**Please see attached Exhibit D.**

I. Please provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

**Residential:**

First Year 31 Second Year 64 Third Year 95

Fourth Year 127 Fifth Year 157

**Commercial:**

First Year -0- Second Year -0- Third Year -0-

Fourth Year -0- Fifth Year -0-

**Industrial:**

First Year -0- Second Year -0- Third Year -0-

Fourth Year -0- Fifth Year -0-

**Irrigation:**

First Year -0- Second Year -0- Third Year -0-

Fourth Year -0- Fifth Year -0-

**Other: (specify)**

First Year -0- Second Year -0- Third Year -0-

Fourth Year -0- Fifth Year -0-

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

**Residential Per Customer:**

First Year 10,950/customer/month Second Year 10,950

Third Year 10,950 Fourth Year 10,950 Fifth Year 10,950

1           **Commercial:**

2           First Year    N/A           Second Year       

3           Third Year        Fourth Year        Fifth Year       

4           **Industrial:**

5           First Year N/A Second Year        Third Year       

6           Fourth Year        Fifth Year       

7           **Irrigation:**

8           First Year N/A Second Year        Third Year       

9           Fourth Year        Fifth Year       

10          **Other: (specify)**

11          First Year N/A Second Year        Third Year       

12          Fourth Year        Fifth Year       

- 13          3.     Indicate the total estimated annual operating revenue from the new area for each of  
14               the next five years:

15           First Year \$20,303   Second Year \$41,917 Third Year \$62,221

16           Fourth Year \$83,179 Fifth Year \$102,828

- 17          4.     Indicate the total estimated annual operating expenses attributable to the new area  
18               for each of the next five years:

19           First Year \$16,446   Second Year \$33,923 Third Year \$50,399

20           Fourth Year \$67,375 Fifth Year \$83,291

- 21          J.     Total estimated cost to construct utility facilities to serve customers in the requested area:

22           **The estimated cost as contained in the Plat Expansion Agreement totals \$1,631,526.**

1 K. Explain method of financing utility facilities (see paragraph 8 of instructions)

2 **Facilities will be financed by the developer pursuant to the Plant Expansion**  
3 **Agreement attached hereto as Exhibits E. The Company hereby requests that this**  
4 **Agreement be approved as part of this Application.**

5 L. Estimated starting and completion date of construction of utility facilities:

6 Starting date: third quarter, 2001 Completion date: 6 months after start

7 M. Attach the following permits:

- 8 1. Franchise from either the City or County for the area requested.

9 **To be late filed as Exhibit F.**

- 10 2. Arizona Department of Environmental Quality or designee's approval to construct facilities.

11 **To be late filed as late filed Exhibit G.**

- 12 3. Arizona State Land Department approval. N/A

- 13 4. U.S. Forest Service approval. N/A

- 14 5. (WATER ONLY) If the area requested is within an Active Management Area,  
15 attach a copy of either the utility's Designation of an Assured Water Supply or the  
16 developer's Certificate of 100 Year Assured Water Supply issued by the Arizona  
17 Department of Water Resources.

18 **DWR Letter of Physical Availability attached as Exhibit H.**

19 If area requested is outside an Active Management Area, attach the developer's  
20 Adequacy Statement issued by the Arizona Department of Water Resources if  
21 applied for by the developer. N/A


22 If area requested is outside an Active Management Area and the developer does not  
23 obtain an Adequacy Statement, provide sufficient detailed information to prove that  
adequate water exists to provide water to the area requested. N/A

24 N. Attached hereto as **Exhibit I** is an Engineering Data Sheet showing the customer count and  
consumption data for the latest 13 month period.

1 O. Attached hereto as **Exhibit J** is a form of Notice to Customers and property owners in the  
2 area. The signed affidavit of publication will be late filed as an exhibit.

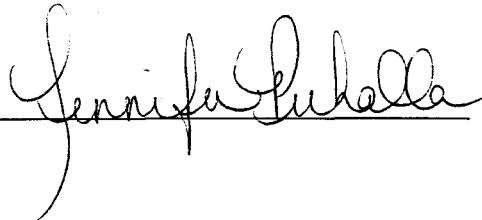
3 **DATED** this 27<sup>th</sup> day of May, 2001.

4 SALLQUIST & DRUMMOND, P.C.

5  
6 By   
7 Richard L. Sallquist  
8 2525 East Arizona Biltmore Circle, Suite 117  
Phoenix, Arizona 85016  
Attorney for Desert Hills Water Company

9 Original and ten copies of the  
10 foregoing filed this 27<sup>th</sup> day  
of May, 2001, with:

11 Docket Control  
12 Arizona Corporation Commission  
13 1200 West Washington  
Phoenix, Arizona 85007

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**LIST OF EXHIBITS**

<b><u>EXHIBIT</u></b>	<b><u>DESCRIPTION</u></b>
A	CERTIFICATE OF GOOD STANDING (Late Filed)
B	LEGAL DESCRIPTION
C	MAP OF EXISTING AND REQUESTED AREA
D	DECEMBER 31, 2000 COMPILED FINANCIAL STATEMENTS
E	PLANT EXPANSION AGREEMENT
F	COUNTY FRANCHISE (Late Filed)
G	ADEQ APPROVAL TO CONSTRUCT (Late Filed)
H	LETTER OF PHYSICAL AVAILABILITY
I	ENGINEERING DATA SHEET
J	NOTICE TO CUSTOMERS

# FINAL PLAT OF GREER RANCH UNIT #1

PORTIONS OF SECTIONS 10, 15, AND 16,  
T6N, R3E, G4SRM, MARICOPA COUNTY, ARIZONA

## LEGAL DESCRIPTION

SEE PARCEL KEY MAP

**Parcel No. 2:**  
The North half of the West half of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 3:**  
The East half of the Northeast quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; and the Southwest quarter of the Northwest quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; EXCEPT all coal and other minerals in said land as reserved to the United States of America in the reforested Patent of said land.

**Parcel No. 4:**  
The Northeast quarter of the Southwest quarter of the Northeast quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; EXCEPT all the coal and other minerals, as reserved in the Patent.

**Parcel No. 5:**  
The Southwest quarter of the Southwest quarter of the Northeast quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; EXCEPTING to the United States all of the coal and other minerals in said land, as set forth in the Patent of said land.

**Parcel No. 6:**  
The Southwest quarter of the Southwest quarter of the Northeast quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; EXCEPTING to the United States all of the coal and other minerals in said land, as set forth in the Patent of said land.

**Parcel No. 22:**  
The South half of the Southwest quarter of the Northwest quarter and the Northeast quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; EXCEPT to the United States all coal and other minerals in said land as set forth in the Patent of said land.

**Parcel No. 23:**  
The Northwest quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East, records of Maricopa County, Arizona.

**ACCESS 1:**  
A portion of the South half of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

**BEGINNING** at the Center of said Section 16;  
thence North 89 degrees 58 minutes 34 seconds East, along the North line of the Southwest quarter of said Section 16, a distance of 610.39 feet to a point lying on a curve concave northwesterly, the radius of which bears North 32 degrees 39 minutes 39 seconds West a distance of 380.00 feet;

thence southwesterly, leaving said north line along said curve through a central angle of 32 degrees 38 minutes 13 seconds a distance of 216.46 feet to a point of tangency;

thence South 89 degrees 58 minutes 34 seconds West a distance of 405.63 feet; thence North 89 degrees 56 minutes 02 seconds West a distance of 191.95 feet to the beginning of a curve concave southwesterly and having a radius of 470.00 feet;

thence South 89 degrees 56 minutes 02 seconds West a distance of 191.95 feet to a point of tangency, along the arc of said curve through a central angle of 13 degrees 54 minutes 29 seconds a distance of 114.09 feet to a point of tangency;

thence South 75 degrees 01 minutes 33 seconds West a distance of 174.39 feet to the beginning of a curve concave southwesterly and having a radius of 20.00 feet;

thence southwesterly, along the arc of said curve through a central angle of 88 degrees 18 minutes 42 seconds a distance of 30.83 feet to a point lying on a curve concave southwesterly, the radius of which bears South 77 degrees 42 minutes 51 seconds West a distance of 1677.02 feet, said point lying on the easterly line of NEW RIVER ROAD, 40 feet East of and parallel with the center line of said NEW RIVER ROAD according to Book of Surveys, Page 08, records of Maricopa County, Arizona;

thence northwesterly, along said East line and the arc of said curve through a central angle of 03 degrees 22 minutes 36 seconds a distance of 98.84 feet to the beginning of a nonintegral curve concave northwesterly, the radius of which bears North 74 degrees 20 minutes 13 seconds East a distance of 20.00 feet;

thence southwesterly, leaving said East line along the arc of said curve through a central angle of 88 degrees 18 minutes 42 seconds a distance of 30.83 feet to a point of tangency;

thence North 76 degrees 01 minutes 33 seconds East a distance of 174.39 feet to the beginning of a curve concave southwesterly and having a radius of 530.00 feet;

thence westerly, along the arc of said curve through a central angle of 13 degrees 54 minutes 29 seconds a distance of 114.09 feet to a point of tangency, said point lying on the North line of the Southwest quarter of said Section 16;

thence North 89 degrees 56 minutes 02 seconds East a distance of 191.97 feet to the TRUE POINT OF BEGINNING.

**ACCESS 2:**  
A portion of the South half of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

**BEGINNING** at the Center of said Section 16;  
thence North 89 degrees 58 minutes 34 seconds East, along the North line of the Southwest quarter of said Section 16, a distance of 610.39 feet to the TRUE POINT OF BEGINNING;

thence North 89 degrees 58 minutes 34 seconds East, continuing along said North line, a distance of 174.84 feet;

thence South 39 degrees 22 minutes 22 seconds West, leaving said North line, a distance of 77.64 feet;

thence South 89 degrees 58 minutes 34 seconds West a distance of 330.50 feet to a point lying on a curve concave northwesterly the radius of which bears North 00 degrees 01 minutes 26 seconds West a distance of 380.00 feet;

thence northwesterly, along the arc curve of said curve through a central angle of 32 degrees 38 minutes 13 seconds a distance of 216.46 feet to the TRUE POINT OF BEGINNING.

Said parcel contains 12,972 square feet of 0.2978 acres more or less.

### Exception:

Except that portion lying Northwest of the following described line:

Beginning at the Center of Section 16, Township 6 North, Range 3 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, thence Easterly along the mid section line of said Section 16 a distance of 396.01 feet to Southwest corner of the above mentioned Parcel # 9, and THE TRUE POINT OF BEGINNING;

thence North 00 degrees 24 minutes 10 seconds East along the East line of said Parcel # 9 a distance of 221.72 feet to a point.

thence North 89 degrees 35 minutes 50 seconds West a distance of 266.37 feet to a point.

thence North 54 degrees 50 minutes 52 seconds East a distance of 169.17 feet to a point.

thence North 22 degrees 45 minutes 17 seconds East a distance of 273.90 feet to a point.

thence North 52 degrees 27 minutes 46 seconds East a distance of 500.04 feet to a point.

thence North 78 degrees 19 minutes 46 seconds East a distance of 212.12 feet to a point.

thence South 89 degrees 09 minutes 19 seconds East a distance of 893.02 feet to a point.

thence North 07 degrees 57 minutes 22 seconds East a distance of 276.27 feet to a point.

thence North 52 degrees 02 minutes 22 seconds West a distance of 240.00 feet to a point.

thence North 37 degrees 57 minutes 38 seconds West a distance of 323.00 feet to a point.

thence North 52 degrees 57 minutes 38 seconds West a distance of 78.25 feet to a point.

thence North 37 degrees 02 minutes 22 seconds East a distance of 200.11 feet to a point.

thence North 47 degrees 02 minutes 38 seconds West a distance of 210.91 feet to a point.

thence North 37 degrees 02 minutes 38 seconds East a distance of 187.59 feet to a point.

thence North 00 degrees 07 minutes 29 seconds East a distance of 382.11 feet to a point.

thence North 89 degrees 05 minutes 17 seconds West a distance of 68.23 feet to a point.

thence North 00 degrees 05 minutes 20 seconds East a distance of 309.96 feet to a point, said point being 25.00 feet West of the Northeast Corner of said Section 16 and lying on the North Line of the Northeast Quarter of said Section 16. Said point being the end of said line.

### Exception:

Except that portion lying East of the following described line:

Beginning at the West Quarter Corner of Section 15, Township 6 North, Range 3 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona,

thence Easterly along the mid section line of said Section 15 a distance of 236.78 feet to THE TRUE POINT OF BEGINNING.

thence North 19 degrees 47 minutes 48 seconds East a distance of 220.75 feet to a point.

thence North 42 degrees 17 minutes 23 seconds West a distance of 407.91 feet to a point.

thence Northwesterly along a curve to the left, who's radius point bears North 44 degrees 29 minutes 13 seconds West a distance of 375.00 feet. Said curve having a radius of 375.00 feet, a central angle of 25 degrees 42 minutes 58 seconds, a length of 168.31 feet, and a tangent of 85.60 feet.

thence North 19 degrees 47 minutes 48 seconds East a distance of 175.02 feet to a point.

thence Northwesterly along a curve to the right, who's radius point bears South 70 degrees 12 minutes 12 seconds East a distance of 125.00 feet. Said curve having a radius of 125.00 feet, a central angle of 33 degrees 09 minutes 33 seconds, a length of 101.28 feet, and a tangent of 52.10 feet.

thence North 32 degrees 57 minutes 22 seconds East a distance of 331.81 feet to a point.

thence North 37 degrees 02 minutes 38 seconds West a distance of 318.00 feet to a point.

thence North 52 degrees 57 minutes 22 seconds East a distance of 177.45 feet to a point.

thence North 00 degrees 07 minutes 22 seconds East a distance of 177.72 feet to a point.

thence North 34 degrees 14 minutes 34 seconds East a distance of 568.13 feet to a point.

thence North 34 degrees 18 minutes 56 seconds East a distance of 282.69 feet to a point, said point being 905.78 feet Easterly of the Northwest Corner of said Section 15 and lying on the North Line of the Northwest Quarter of said Section 15. Said point being the end of said line.



# FINAL PLAT OF GREER RANCH UNIT #2

PORTIONS OF SECTIONS 10, 15, AND 16,

T6N, R3E, G&SRM, MARICOPA COUNTY, ARIZONA

## PROPERTY DESCRIPTIONS SEE PARCEL KEY MAP

**Parcel No. 2:**  
The North half of the West half of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona.

**Parcel No. 11:**  
The Southwest quarter of the Northeast quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona.

**Parcel No. 13:**  
The Southeast quarter of the Southwest quarter of the Southwest quarter of Section 10, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona;  
EXCEPT all coal and other minerals in said land as reserved to the United States of America in the Patent of said

**Parcel No. 14:**  
The Southwest quarter of the Southwest quarter of the Southwest quarter of Section 10, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona;  
EXCEPTING to the United States all the coal and other minerals in said land, as set forth in the Patent of said land.

**Parcel No. 16:**  
The Southwest quarter to the Northeast quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona;  
EXCEPTING to the United States all the coal and other minerals in said land as set forth in the Patent of said land.

**Parcel No. 18:**  
The Northwest quarter of the Northeast quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona;  
EXCEPTING unto the United States all the coal and other minerals in said land as set forth in Patent of said land.

**Parcel No. 19:**  
The Northeast quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona;  
EXCEPTING to the United States all the coal and other minerals in said land, as set forth in the Patent of said land.

**Parcel No. 20:**  
The Northwest quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona;  
EXCEPTING therefrom to the United States all the coal and other minerals in said land as set forth in the Patent of said land.

**Parcel No. 22:**  
The South half of the Southwest quarter of the Northwest quarter and the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona;  
EXCEPT to the United States all coal and other minerals in said land as set forth in the Patent of said land.

**Parcel No. 23:**  
The Northwest quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East, records of Maricopa County, Arizona.

### Exception.

Except that portion lying Northwest of the following described line: Beginning at the Center of Section 16, Township 6 North, Range 3 East, of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona, Thence Easterly along the mid section line of said Section 16, a distance of 396.01 feet to Southwest corner of the above mentioned Parcel # 9, and THE TRUE POINT OF BEGINNING.

Thence North 00 degrees 24 minutes 10 seconds East along the East line of said Parcel # 9 a distance of 221.72 feet to a point.  
Thence North 88 degrees 35 minutes 50 seconds West a distance of 266.37 feet to a point.  
Thence North 54 degrees 50 minutes 52 seconds East a distance of 169.17 feet to a point.  
Thence North 22 degrees 43 minutes 17 seconds East a distance of 273.90 feet to a point.  
Thence North 62 degrees 27 minutes 42 seconds East a distance of 500.04 feet to a point.  
Thence North 78 degrees 19 minutes 46 seconds East a distance of 212.12 feet to a point.  
Thence North 88 degrees 09 minutes 19 seconds East a distance of 889.02 feet to a point.  
Thence North 07 degrees 57 minutes 22 seconds East a distance of 226.27 feet to a point.  
Thence North 32 degrees 57 minutes 22 seconds East a distance of 240.00 feet to a point.  
Thence North 37 degrees 02 minutes 22 seconds East a distance of 323.00 feet to a point.  
Thence North 37 degrees 02 minutes 38 seconds West a distance of 78.25 feet to a point.  
Thence North 47 degrees 51 minutes 05 seconds East a distance of 200.11 feet to a point.  
Thence North 40 degrees 30 minutes 54 seconds East a distance of 187.59 feet to a point.  
Thence North 00 degrees 07 minutes 29 seconds East a distance of 387.11 feet to a point.  
Thence North 69 degrees 54 minutes 17 seconds West a distance of 68.23 feet to a point.  
Thence North 00 degrees 05 minutes 20 seconds West a distance of 309.96 feet to a point, said point being 25.00 feet West of the Northwest Corner of said Section 16 and lying on the North Line of the Northeast Quarter of said Section 16. Said point being the end of said line.

### Exception.

Except that portion lying East of the following described line: Beginning at the West Quarter Corner of Section 15, Township 6 North, Range 3 East, of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona, Thence Easterly along the mid section line of said Section 15 a distance of 236.78 feet to THE TRUE POINT OF BEGINNING.  
Thence North 19 degrees 47 minutes 48 seconds East a distance of 220.75 feet to a point.  
Thence North 42 degrees 17 minutes 23 seconds West a distance of 407.91 feet to a point.  
Thence Northwesterly along a curve to the left who's radius point bears North 44 degrees 29 minutes 13 seconds West a distance of 375.00 feet. Said curve having a radius of 375.00 feet, a central angle of 25 degrees 42 minutes 58 seconds, a length of 168.31 feet, and a tangent of 85.60 feet.  
Thence North 19 degrees 47 minutes 48 seconds East a distance of 175.02 feet to a point.  
Thence Northwesterly along a curve to the right who's radius point bears South 70 degrees 12 minutes 12 seconds East a distance of 175.00 feet. Said curve having a radius of 175.00 feet, a central angle of 33 degrees 09 minutes 33 seconds, a length of 101.28 feet, and a tangent of 52.10 feet.  
Thence North 52 degrees 57 minutes 22 seconds East a distance of 531.8 feet to a point.  
Thence North 37 degrees 02 minutes 38 seconds West a distance of 749.45 feet to a point.  
Thence North 32 degrees 57 minutes 22 seconds East a distance of 177.72 feet to a point.  
Thence North 28 degrees 25 minutes 07 seconds East a distance of 117.72 feet to a point.  
Thence North 00 degrees 44 minutes 34 seconds East a distance of 568.13 feet to a point.  
Thence North 34 degrees 18 minutes 56 seconds East a distance of 282.69 feet to a point, said point being 905.78 feet Easterly of the Northwest Corner of said Section 15 and lying on the North Line of the Northwest Quarter of said Section 15. Said point being the end of said line.

# FINAL PLAT OF GREER RANCH UNIT #3

PORTIONS OF SECTIONS 10, 15, AND 16,  
T6N, R3E, G&SRM, MARICOPA COUNTY, ARIZONA

## LEGAL DESCRIPTION

SEE PARCEL KEY MAP

Parcel No. 11:  
The Southeast quarter of the Northeast quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona.

Parcel No. 16:  
The Southeast quarter to the Northeast quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona;  
EXCEPTING to the United States all the coal and other minerals in said land as set forth in the Patent of said land.

Parcel No. 17:  
The Southeast quarter of the Southeast quarter of the Northeast quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona;  
EXCEPTING to the United States all the coal and other minerals in said land as set forth in the Patent of the said land.

Parcel No. 19:  
The Northeast quarter of the Southeast quarter of the Northeast quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona;  
EXCEPTING to the United States all the coal and other minerals in said land, as set forth in the Patent of said land.

Parcel No. 20:  
The Northwest quarter of the Southeast quarter of the Northeast quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona;  
EXCEPTING therefrom to the United States all the coal and other minerals in said land as set forth in the Patent of said land.

Parcel No. 21:  
The Southeast quarter of the Southeast quarter of the Northeast quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona;  
EXCEPT to the United States all coal and other minerals in said land as set forth in the Patent of said land.

Parcel No. 22:  
The South half of the Southwest quarter of the Northwest quarter and the Northeast quarter of the Southwest quarter of the Northeast quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona;  
EXCEPT to the United States all coal and other minerals in said land as set forth in the Patent of said land.

Parcel No. 23:  
The Northwest quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East, records of Maricopa County, Arizona.

### Exception:

Except that portion lying Northwest of the following described line:  
Beginning at the Center of Section 16, Township 6 North, Range 3 East, of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona, thence Easterly along the mid section line of said Section 16 a distance of 396.01 feet to Southwest corner of the above mentioned Parcel # 9, and the TRUE POINT OF BEGINNING,  
thence North 00 degrees 24 minutes 10 seconds East along the East line of said Parcel # 9 a distance of 221.72 feet to a point,  
thence North 69 degrees 35 minutes 50 seconds West a distance of 266.37 feet to a point,  
thence North 54 degrees 50 minutes 52 seconds East a distance of 169.17 feet to a point,  
thence North 22 degrees 45 minutes 17 seconds East a distance of 273.90 feet to a point,  
thence North 62 degrees 27 minutes 42 seconds East a distance of 500.04 feet to a point,  
thence North 78 degrees 19 minutes 46 seconds East a distance of 212.12 feet to a point,  
thence South 89 degrees 09 minutes 19 seconds East a distance of 889.02 feet to a point,  
thence North 07 degrees 57 minutes 22 seconds East a distance of 226.27 feet to a point,  
thence North 32 degrees 57 minutes 22 seconds East a distance of 240.00 feet to a point,  
thence North 37 degrees 02 minutes 38 seconds West a distance of 323.00 feet to a point,  
thence North 32 degrees 57 minutes 22 seconds East a distance of 78.25 feet to a point,  
thence North 37 degrees 02 minutes 38 seconds West a distance of 200.11 feet to a point,  
thence North 47 degrees 51 minutes 05 seconds East a distance of 210.91 feet to a point,  
thence North 40 degrees 30 minutes 54 seconds East a distance of 187.59 feet to a point,  
thence North 00 degrees 07 minutes 29 seconds East a distance of 382.11 feet to a point,  
thence North 69 degrees 34 minutes 17 seconds West a distance of 68.23 feet to a point,  
thence North 00 degrees 05 minutes 20 seconds East a distance of 309.96 feet to a point,  
said point being 25.00 feet Westerly of the Northeast Corner of said Section 16 and lying on the North line of the Northeast Quarter of said Section 16. Said point being the end of said line.

### Exception:

Except that portion lying East of the following described line:  
Beginning at the West Quarter Corner of Section 15, Township 6 North, Range 3 East, of the Gila and Salt River Bore and Meriden, Maricopa County, Arizona,  
thence Easterly along the mid section line of said Section 15 a distance of 236.78 feet to the TRUE POINT OF BEGINNING,  
thence North 19 degrees 47 minutes 48 seconds East a distance of 220.75 feet to a point,  
thence North 42 degrees 17 minutes 23 seconds West a distance of 407.91 feet to a point,  
thence North 19 degrees 47 minutes 48 seconds East a distance of 175.00 feet. Said curve having a radius of 375.00 feet, a central angle of 25 degrees 42 minutes 58 seconds, a length of 168.31 feet, and a tangent of 85.60 feet,  
thence North 19 degrees 47 minutes 48 seconds East a distance of 175.02 feet to a point,  
thence North 19 degrees 47 minutes 48 seconds East a distance of 175.00 feet. Said curve having a radius of 175.00 feet, a central angle of 33 degrees 09 minutes 33 seconds, a length of 101.28 feet, and a tangent of 52.10 feet,  
thence North 52 degrees 57 minutes 22 seconds East a distance of 53.18 feet to a point,  
thence North 37 degrees 02 minutes 38 seconds West a distance of 378.00 feet to a point,  
thence North 32 degrees 57 minutes 22 seconds East a distance of 749.45 feet to a point,  
thence North 28 degrees 25 minutes 07 seconds East a distance of 177.72 feet to a point,  
thence North 00 degrees 44 minutes 34 seconds East a distance of 568.13 feet to a point,  
thence North 34 degrees 18 minutes 56 seconds East a distance of 282.69 feet to a point, said point being 905.78 feet Easterly of the Northwest Corner of said Section 15 and lying on the North line of the Northwest Quarter of said Section 15. Said point being the end of said line.

# FINAL PLAT OF GREER RANCH UNIT #4

PORTIONS OF SECTIONS 10, 15, AND 16,

T6N, R3E, G&SRM, MARICOPA COUNTY, ARIZONA

## LEGAL DESCRIPTION

SEE PARCEL KEY MAP

Parcel No. 2.  
The North half of the West half of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona.

Parcel No. 3.  
The East half of the Northeast quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona; and the Southeast quarter of the Northwest quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona; EXCEPT all coal and other minerals in said land as reserved to the United States of America in the recorded Patent of said land.

Parcel No. 4.  
The Northeast quarter of the Southwest quarter of the Northeast quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona; EXCEPT all the coal and other minerals, as reserved in the Patent.

Parcel No. 5.  
The Southwest quarter of the Southwest quarter of the Northeast quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona; EXCEPT to the United States all of the coal and other minerals in said land, as set forth in the Patent of said land.

Parcel No. 9.  
The Southwest quarter of the Southwest quarter of the Northeast quarter of Section 16, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona; EXCEPT to the United States all the coal and other minerals in said land, as set forth in Patent of said land.

Parcel No. 22.  
The South half of the Southwest quarter of the Northwest quarter and the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East of the Gila and Salt River Bore and Meridian, Maricopa County, Arizona; EXCEPT to the United States all coal and other minerals in said land as set forth in the Patent of said land.

Parcel No. 23.  
The Northwest quarter of the Southwest quarter of the Northwest quarter of Section 15, Township 6 North, Range 3 East, records of Maricopa County, Arizona.

Exception:  
Except that portion lying Northwest of the following described line:  
Beginning at the Center of Section 16, Township 6 North, Range 3 East, of the Gila and Salt River Bore and Meridian, Maricopa County Arizona, thence Easterly along the mid section line of said Section 16 a distance of 396.01 feet to Southwest corner of the above mentioned Parcel # 9, and THE TRUE POINT OF BEGINNING.

Thence North 00 degrees 24 minutes 10 seconds East along the East line of said Parcel # 9 a distance of 221.72 feet to a point.

Thence North 89 degrees 35 minutes 50 seconds West a distance of 266.37 feet to a point.

Thence North 54 degrees 50 minutes 52 seconds East a distance of 169.17 feet to a point.

Thence North 22 degrees 45 minutes 17 seconds East a distance of 223.90 feet to a point.

Thence North 62 degrees 27 minutes 42 seconds East a distance of 560.04 feet to a point.

Thence North 78 degrees 19 minutes 46 seconds East a distance of 212.12 feet to a point.

Thence South 89 degrees 09 minutes 19 seconds East a distance of 889.02 feet to a point.

Thence North 07 degrees 57 minutes 22 seconds East a distance of 226.27 feet to a point.

Thence North 37 degrees 02 minutes 38 seconds West a distance of 323.00 feet to a point.

Thence North 52 degrees 02 minutes 22 seconds East a distance of 282.11 feet to a point.

Thence North 37 degrees 02 minutes 38 seconds West a distance of 282.11 feet to a point.

Thence North 52 degrees 02 minutes 22 seconds East a distance of 282.11 feet to a point.

Thence North 37 degrees 02 minutes 38 seconds West a distance of 282.11 feet to a point.

Thence North 52 degrees 02 minutes 22 seconds East a distance of 282.11 feet to a point.

Thence North 37 degrees 02 minutes 38 seconds West a distance of 282.11 feet to a point.

Thence North 52 degrees 02 minutes 22 seconds East a distance of 282.11 feet to a point.

Thence North 37 degrees 02 minutes 38 seconds West a distance of 282.11 feet to a point.

Thence North 52 degrees 02 minutes 22 seconds East a distance of 282.11 feet to a point.

Thence North 37 degrees 02 minutes 38 seconds West a distance of 282.11 feet to a point.

Thence North 52 degrees 02 minutes 22 seconds East a distance of 282.11 feet to a point.

Thence North 37 degrees 02 minutes 38 seconds West a distance of 282.11 feet to a point.

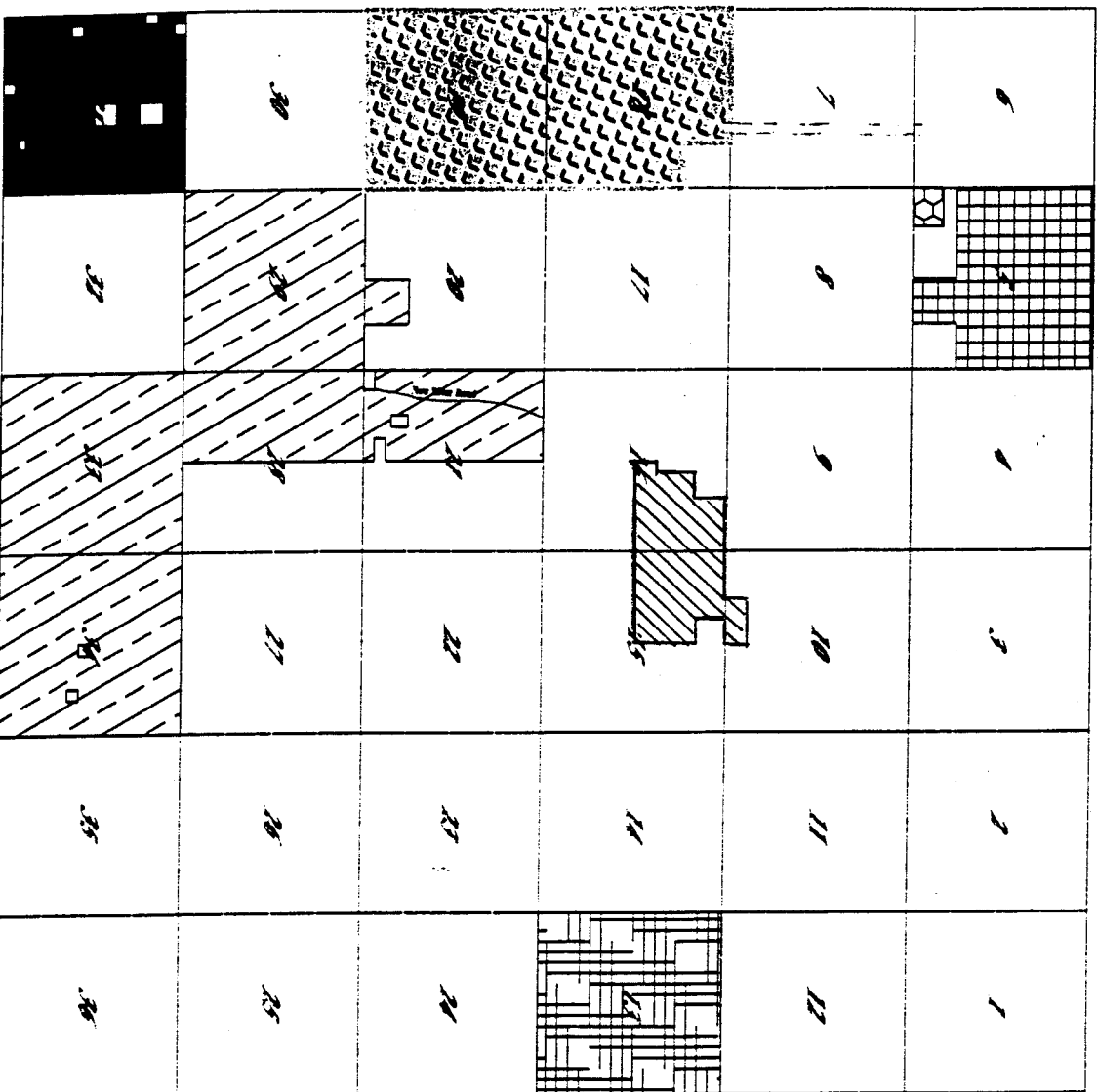
Thence North 52 degrees 02 minutes 22 seconds East a distance of 282.11 feet to a point.

Thence North 37 degrees 02 minutes 38 seconds West a distance of 282.11 feet to a point.

# COUNTY OF Maricopa

Map No. 44

## RANGE 3 East



## TOWNSHIP 6 North










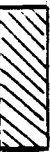
-  W-1452 (3)  
Cave Creek Water Company
-  WS-3454 (2)  Sewer  
Citizens Water Services Company  
(Utility Services)
-  WS-3455 (2)  Sewer  
Citizens Water Resources Company  
(Treatment Services)
-  W-2124 (2)  
Desert Hills Water Company, Inc.
-  W-2111 (1)  
Sabrosa Water Company
-  W-2474 (1)  
Shangri-La Associates, Inc.
-   
Desert Hills Water Company, Inc.  
Docket No. W-2124-99-326  
Application for Extension
-  Requested Area

EXHIBIT C

**ULLMANN  
& COMPANY P.L.C.**  
Certified Public Accountants

To The Board of Directors of  
Desert Hills Water Co., Inc.  
Phoenix, Arizona

We have compiled the accompanying statement of assets, liabilities and equity - modified cash basis of Desert Hills Water Company (a corporation) as of December 31, 2000 and the related statement of revenue and expenses - modified cash basis for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code, to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

*Ullmann & Company*

ULLMANN & COMPANY, P.L.C.  
Certified Public Accountants

March 9, 2001

**EXHIBIT D**

**Desert Hills Water Co., Inc.**  
**Statement of Assets, Liabilities and Equity**  
**Modified Cash Basis**

Dec 31, '00

**ASSETS**

**Current Assets**

**Checking/Savings**

181 - Bank of America Checking 120,141.63  
183 - Hook-Up Tariff Account 124,770.05

**Total Checking/Savings** 244,911.68

**Total Current Assets** 244,911.68

**Fixed Assets**

**Plant in Service**

303 - Intangible Plant 6,524.00  
310 - Land & Land Rights 64,175.46  
311 - Supply Plant - Structures 29,852.03  
314 - Wells & Springs 142,153.18  
325 - Pumping Plant/Elec Pumps 266,448.00  
332 - Water Treatment Equip 8,228.14  
342 - T & D Plant - Dist Reserv 305,962.96  
343 - T & D Plant - Dist Mains 2,476,270.28  
345 - T&D - Services 27,877.08  
346 - T&D - Meters 178,532.22  
348 - T&D - Hydrants 2,629.32  
391 - Gen Plant - Office Equip 79,890.08  
392 - Transportation Equip 36,500.00  
394 - Gen Plant - Tools & Equip 60,817.11

**Total Plant in Service** 3,685,857.84

**Accumulated Depreciation**

140 - Accum Depreciation (1,383,695.94)  
140.1 - Book Value Retired Plan 3,212.58

**Total Accumulated Depreciation** (1,380,483.36)

**Total Fixed Assets** 2,305,374.48

**Other Assets**

186 - Deferred Loss 7,156.89

**Total Other Assets** 7,156.89

**TOTAL ASSETS** 2,557,442.85

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Other Current Liabilities**

220 - Accounts Payable 245.57  
233.04 - Note Payable 40,329.01  
235 - Customer Deposits 42,088.00  
237 - Accrued Property Taxes 24,678.41  
242.01 - Abandoned Deposits 5,107.81

**Total Other Current Liabilities** 112,448.60

**Total Current Liabilities** 112,448.60

**Long Term Liabilities**

252 - Advances in Aid of Constr 727,809.66  
252.1 - Post 8/12/96 AJAC 941,666.20  
252.01 - Refundable GrossUp Tax 184,506.79  
252.02 - Refundable Meter Dep. 152,844.50

**Total Long Term Liabilities** 2,006,827.15

**Total Liabilities** 2,119,275.75

**Desert Hills Water Co., Inc.**  
**Statement of Assets, Liabilities and Equity**  
**Modified Cash Basis**

	Dec 31, '00
Equity	
CIAC	
271 - Contrib In Aid of Constr	739,827.29
271.0 - Accum Amort of CIAC	(167,281.35)
Total CIAC	572,545.94
201 - Common Stock	53,620.00
217 - Dividends to Shareholders	(165,280.51)
215 - Retained Earnings	(223,825.38)
Net Income	201,107.05
Total Equity	438,167.10
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,557,442.85</b>

**Desert Hills Water Co., Inc.**  
**Statement of Revenue and Expenses**  
**Modified Cash Basis**

	<u>Jan - Dec '00</u>
<b>Ordinary Income/Expense</b>	
Income	
460 - Water Sales	897,824.44
461 - Establishment Fees	4,725.00
471 - Misc. Revenues	17,268.30
500 - Recovered Bad Debt	193.40
940.04 - Sales Tax	(49,544.32)
<b>Total Income</b>	<u>870,466.82</u>
Expense	
610 - Supply Plant Maintenance	272.26
622 - Purchased Water	12,461.05
623 - Power Expense	75,669.65
630 - Pumping Plant Maintenance	8,809.62
643 - Water Analysis	6,939.54
670 - General Maintenance	10,719.49
673 - T & D Maint. - Mains	1,797.21
675 - Construction Repair	595.94
676 - T & D Maint. - Meters	(1,404.14)
695 - Equipment Lease	31,110.49
697 - Equipment Repair	8,258.04
698 - Auto/Gas Expense	7,922.94
699 - Depreciation Expense	141,107.27
910 - Rent	1,000.00
920.1 - Payroll Expenses	201,729.82
921.01 - Office Supplies	8,503.40
921.02 - Other Office Expense	9,938.92
921.03 - Communication Expense	6,006.90
921.04 - Fees & Licenses	7,135.08
922 - Contributions	1,800.00
923.01 - Outside Services Legal	8,328.15
923.02 - Outside Services Accou	3,234.50
923.03 - Outside Services Engin	13,945.85
924 - Insurance Expense	14,104.60
924.01 Medical Insurance	16,252.97
930 - Miscellaneous Expense	(89.93)
940.03 - Worker's Compensation	1,890.29
940.05 - Payroll Tax Expense	16,450.38
940.06 - Property Tax	49,356.82
965 - Penalties	49.25
<b>Total Expense</b>	<u>663,916.36</u>
<b>Net Ordinary Income</b>	<u>206,550.46</u>
<b>Other Income/Expense</b>	
Other Income	
960 - Interest Income	4,457.51
<b>Total Other Income</b>	<u>4,457.51</u>
Other Expense	
955 - Interest Expense	9,900.92
<b>Total Other Expense</b>	<u>9,900.92</u>
<b>Net Other Income</b>	<u>(5,443.41)</u>
<b>Net Income</b>	<u><u>201,107.05</u></u>

See Accountants' Compilation Report



**PLANT EXPANSION AGREEMENT  
FOR  
DEVELOPER INSTALLED FACILITIES**

**BETWEEN**

**DESERT HILLS WATER CO., INC.**

**AND**

**GREER RANCH, L.L.C.**

**FOR**

**GREER RANCH SUBDIVISION**

**August \_\_, 2000**

**EXHIBIT E**

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**PLANT EXPANSION AGREEMENT  
FOR DEVELOPER INSTALLED FACILITIES**

THIS PLANT EXPANSION AGREEMENT, entered into this \_\_\_\_ day of August, 2000, by and between DESERT HILLS WATER CO., INC. (hereinafter referred to as the "Company") and GREER RANCH, L.L.C., an Arizona limited liability company (hereinafter referred to as the "Developer"), is for the construction of utility plant necessary to provide water utility service to the Greer Ranch Subdivision (hereinafter called the "Development").

**WITNESSETH:**

WHEREAS, Company owns and operates a public service corporation and holds a Certificate of Convenience and Necessity authorizing it to serve the public with water; and

WHEREAS, Developer is developing property outside the certificated area of the Company, which Development is more fully described in Attachment 1 hereto and incorporated herein by reference for all purposes; and

WHEREAS, the Company is willing to apply for the expansion of the certificated area of Company to include the Development; and

WHEREAS, the Company does not presently own or operate a water production, storage, booster and transmission system able to serve the Development; and

WHEREAS, Company and Developer have entered into an Off-Site Facilities Hook-Up Fee Agreement of even date herewith; and

WHEREAS, under such circumstances the Arizona Corporation Commission's ("Commission") Rules and Regulations permit the Company to require an Advance In Aid of Construction to provide such facilities.

NOW, THEREFORE, it is mutually covenanted and agreed by and between the parties hereto as follows:

**I. EXPANSION OF CERTIFICATED AREA**

Promptly following execution of this Agreement, Company will apply to the Commission to expand Company's certificated area to include the Development. Thereafter, Company will diligently pursue the approval of the application to expand Company's certificated area. Company will use its reasonable best efforts to obtain the approval for the expansion of its certificated area from the Commission. Said Application will be conditioned upon the Commission approving this Agreement in substantially the form executed by the Parties. In the event this Agreement is not so approved, the Company reserves the right to withdraw the Application. If the Commission does not approve the expansion of Company's certificated area to include the Development and this

Agreement within twelve (12) months after Company files the application for expansion, Developer may elect to terminate this Agreement by providing written notice to Company, whereupon this Agreement shall be null and void and of no further force or effect.

## **II. UTILITY PLANT ADDITIONS; COST; PAYMENT; AND HOOK-UP FEES ASSESSMENT AND REFUND**

**A. Utility Plant Additions.** The Developer will construct, or cause to be constructed, the water utility plant described on Attachment 2, the water utility plan of the Development, as detailed on Attachment 3, the materials list and cost estimate of this project, which are attached hereto and incorporated herein by reference for all purposes. The On-Site Reservoir referenced as Item 2 in Attachment 3 shall be located at a mutually agreed upon location within the Development and shall be no less than 100 feet by 100 feet in size (the "On-Site Reservoir Site"). The parties agree that the location described in Attachment 3-1 is an acceptable location for the On-Site Reservoir referenced as Item 2 in Attachment 3. For any subsequent phase of the Development, and the Company and the Developer shall enter into a separate agreement.

**B. Future Utility Plant Additions.** The parties acknowledge and agree that the Company does not have sufficient water production capacity to serve the entire development at this time. Developer shall deliver to the Company upon execution of this Agreement, a Special Warranty Deed for approximate one acre well/tank site described on Attachment 3-2 incorporated herein by this reference for all purposes (the "Well Site"). It is further agreed that water service shall not be provided to Unit 2 or subsequent units within the Development (other than the initial phase consisting of 50 lots) until Developer has paid all fees pursuant to the Off-Site Hook-Up Fee Agreement. The Company shall install a well at the Well Site, and the Company may install a storage tank at the Well Site both at the Company's sole cost and expense. Any such well or storage tank shall not be a part of the water utility plant to be installed by Developer under this Agreement and Developer shall have no responsibility for the installation of such well or storage tank or for any approvals or permits necessary for such well or storage tank.

**C. Cost.** The cost of construction of the subject plant as more fully detailed in Attachment 3, attached hereto and incorporated herein by reference for all purposes, is estimated to be \$1,631,526 (the "Construction Cost Advance"). The Construction Cost Advance shall be adjusted to the amount of the invoices provided to the Company as required in Article VIII.

**D. Payment.** Developer shall convey the facilities constructed under this Agreement pursuant to Articles V and VIII. Developer further agrees that Developer will advance the applicable income taxes as set forth in Paragraph VIII.B.

**E. Hook-Up Fees.** The Hook-up Fees authorized under the Company's tariff for Off-Site Facilities shall be paid pursuant to the Off-Site Facilities Hook-Up Fee Agreement of even date herewith.

**F. Groundwater Replenishment District.** In the event the Developer enrolls, or applies to enroll, the property within the Development as "membership land" in the Central Arizona

Groundwater Replenishment District (the "GRD") pursuant to ARS § 48-4401 et seq., or the property in any way becomes subject to that law as it may be amended, then and in that event the Developer shall pay, in addition to all other terms, conditions, rates and charges set forth in this Agreement, a one-time charge of \$1,000.00 to the Company for the establishment of the reporting procedure mandated by the GRD. For all Lots within the Development that become subject to the GRD, the Developer shall provide to the Company the following information for each parcel to be served under this Agreement: (i) the legal description of each Lot; (ii) the tax parcel number as assigned to that Lot by the applicable taxing authority; (iii) the street address of each Lot; and (iv) any other information available to the Developer necessary for the Company to comply with the requirement of the GRD.. Said information for all Lots and parcels within the Development shall be provided to the Company prior to the Company's obligation to serve water to any Lot or parcel within the Development. Payment of the fee shall be made upon execution of this Agreement.

### **III. SERVICE; COMPANY LIABILITY LIMITATIONS; APPLICABLE RATES**

**A. Service.** Upon Company's final acceptance of the water utility plant described on Attachments 2 and 3 pursuant to Paragraph VI including installation of on-site facilities within the Development necessary for the initial phase of the Development consisting of 50 lots, Company shall provide public utility water services to customers within the initial phase of the Development consisting of 50 lots in accordance with the rules and regulations of the Commission. Upon the payment of the Off-Site Facilities Hook-Up Fees pursuant to the Off-Site Facilities Hook-Up Fee Agreement and installation of on-site facilities within the Development necessary for the subsequent Phase(s) of the Development in questions, the Company shall provide public utility water services to customers within all subsequent phases of the Development (other than the initial phase consisting of 50 lots) in accordance with the rules and regulations of the Commission. Notwithstanding any reference to fire protection facilities contained in Attachment 2 or Attachment 3 hereto, the subject plant additions are being installed primarily for the purpose of providing domestic water service to the Development. However, under certain operating conditions, those facilities may provide limited fire protection service to an appropriate fire protection agency contracting with the Company for such service.

**B. Company Liability Limitations.** It is understood between the Developer and the Company that the Company does not have, and the Developer will not install under this Agreement, facilities capable of providing fire flow to the Development. Therefore, it is expressly understood by the Company and the Developer that THE COMPANY DOES NOT GUARANTEE OR INSURE UNINTERRUPTED OR REGULAR FIRE PROTECTION SERVICE. NOR DOES THE COMPANY REPRESENT THE PRESENCE OF ADEQUATE PRESSURE, VOLUME, OR FIRE FLOW AVAILABLE ON THE SYSTEM BY OFFERING WATER SERVICE AS SPECIFIED HEREIN.

It is agreed that in the event service from the fire hydrants or an interior fire sprinkler system is used for non-fire protection purposes, or is interrupted or is irregular or defective or fails from causes beyond the Company's control the Company shall not be liable for any injuries or damages arising therefrom. Further, the Company shall have neither the responsibility nor the liability for any use or disposition of fire hydrant or fire sprinkler water. The Developer, or any

other person who succeeds to Developer's interest under this Agreement, REGARDLESS OF WHETHER SUCH PERSON HAS KNOWLEDGE OR NOTICE OF THESE TERMS, shall make no claim against the Company for any such loss or damage resulting from services provided under this Agreement or the applicable service tariff. The Company shall be entitled to recover its reasonable attorneys' fees should the Developer fail to comply with this provision.

C. **Applicable Rates.** It is mutually understood and agreed that the charges for water services to said Development shall be at the applicable terms, conditions, rates and charges of the Company which are currently on file with the Arizona Corporation Commission. Those terms, conditions, rates and charges are subject to change from time to time upon application of the Company and as approved by the Commission.

#### IV. PERMITS AND LICENSES; EASEMENTS; TITLE; ASSURED WATER SUPPLY

A. **Permits and Licenses.** Developer agrees to obtain at its own expense all licenses, permits, certificates and approvals from public authorities which may be required for the construction of facilities under this Agreement or development of the subject property and to comply with all municipal and other public laws, ordinances and requirements in regard to the same. Company agrees to reasonably cooperate with Developer to assist Developer in obtaining licenses, permits, certificates and approvals from public authorities which may be required for the construction of facilities under this Agreement.

B. **Easements.** Prior to the commencement of construction, Developer shall obtain from the owners of the property upon which the subject facilities will be constructed, a perpetual easement for the construction, operation and maintenance of water lines, mains and appurtenant facilities, in the name of the Company, and in a form acceptable to the Company. Additionally, Developer shall provide a twenty foot (20') wide easement along the 16<sup>th</sup> Street alignment to the northern boundary of the Development within the Development for system intertie purposes. Construction of the subject facilities within a public right-of-way or within a public utility easement shall satisfy the requirement of this paragraph.

C. **Title.** All materials installed, facilities constructed and equipment provided by Developer in connection with construction of facilities under this Agreement and the completed facilities as installed shall become the sole property of the Company upon final acceptance thereof by the Company, and full legal and equitable title thereto shall be then vested in the Company, free and clear of any liens, without the requirement of any written document of transfer to the Company or acceptance by the Company. Developer agrees to execute or cause to be executed promptly such documents as counsel for the Company may request to evidence good and merchantable title to said facilities free and clear of all liens. The Company shall confirm in writing the acceptance of title to the facilities.

D. **Assured Water Supply.** It is agreed and understood between the parties that the Developer has the responsibility for obtaining the Certificate of Assured Water Supply for the Development, as that Certificate may be required by ARS § 32-2181, § 32-2195.01, and § 45-576. The Developer shall obtain said Certificate at its sole expense, and not as part of the expense of the

Company. Any such cost shall not be included in the cost of facilities conveyed under this Agreement or any related line extension agreement. Company shall cooperate with Developer in obtaining a Certificate of Assured Water Supply for the Development by Company issuing a Notice of Intent to Serve promptly following the request of Developer.

**V. COMMENCEMENT OF PERFORMANCE AND TIME OF COMPLETION;  
PLANS AND SPECIFICATIONS; CONTRACTORS, MATERIALS,  
WORKMANSHIP, EQUIPMENT AND MACHINERY; CONNECTING NEW  
FACILITIES; EXISTING UNDERGROUND FACILITIES RESPONSIBILITIES**

**A. Commencement of Performance and Time of Completion.** It is estimated that the Developer shall start the work to be performed under this Agreement within ninety (90) days after Developer delivers notice to Company that Developer has commenced construction at the Development and will complete the work to be performed under this Agreement (excluding the on-site facilities for subsequent phases of the Development) within one (1) year after commencing water utility plant construction. For each subsequent phase of the Development after the initial phase of 50 lots, it is estimated that the Developer shall start the work on the on-site facilities for that subsequent phase within 90 days after Developer delivers notice to Company that Developer has commenced construction of that phase and will complete the work on the on-site facilities within one (1) year after commencing the on-site facilities construction. It is estimated that Company shall start the work on the Future Utility Plant Additions promptly upon the payment by the Developer of the Off-Site Hook-Up Fees for Phase II of the Development, and will complete the work to be performed under this Agreement with regard to the Future Utility Plant Additions within one year after commencing Future Utility Plant Additions construction. Developer agrees that Developer shall complete or cause the completion of water utility plant construction so as to enable Company to provide public utility water services within the Development when such services are requested by Developer, or its successors or assigns. Failure to meet those estimated dates shall in no way relieve the Developer of any of its obligations under this Agreement.

**B. Plans and Specifications.** All plans, specifications and construction shall be in accordance with good utility practices and in accordance with all rules, regulations and requirements of regulatory agencies having jurisdiction over water service and facilities. All plans and specifications shall be submitted to the Company for approval prior to submission to the regulatory agencies. The Company shall have ten (10) days within which to revise or approve the plans. If the Company does not provide comments within that ten day period, the plans and specifications will be deemed approved by the Company. All of said plans and specifications shall have all requisite approvals in writing of all necessary agencies and the approval in writing of Company before construction is commenced. Plans and specifications as approved by Company for water facilities to be constructed hereunder will be incorporated herein by reference and made part of this Agreement when so approved.

**C. Contractors, Materials, Workmanship, Equipment and Machinery.** The Developer shall submit the name and bid proposal of each contractor the Developer proposes to use for construction of the subject facilities. The Company shall have the right, in its sole discretion, to accept or reject the general contractor for any and all facilities to be constructed pursuant to this



Agreement. All materials shall be new and both workmanship and materials shall be of good quality which meet the specifications and standards of the American Water Works Association Standards, the Arizona Corporation Commission, the Arizona Department of Health Services and all local regulatory agencies. Developer shall repair, or remove and replace, at Developer's own expense and at the Company's convenience, workmanship or materials which prove to be defective at any time within one year from the date of the final acceptance of Developer's work by the Company. Developer also agrees to pay all costs for removing and replacing any equipment or machinery installed by Developer which prove defective within one year after the date of the final acceptance of Developer's work by Company.

**D. Additional Facilities.** It is understood by the Developer that the Company, at its option and in its sole discretion, may build or install facilities larger than those described in Attachment 3. The additional cost of those facilities, over and above the cost set forth in Attachment 3, shall be borne by the Company or assigned to another development. If the Company elects to upsize or construct additional facilities pursuant to this Paragraph, Company will enter into a separate agreement with the Developer's contractor and shall be responsible for, and pay directly to Developer's contractor, the re-engineering costs and the additional costs of those upsized or additional facilities. Such facilities will be used at the sole discretion of the Company for service within its CC&N. Such upsizing or adding facilities by the Company will not delay commencement of service to the Development.

**E. Connecting New Facilities.** The facilities constructed pursuant to the Agreement shall not be connected to the Company's existing facilities without the prior written approval of Company, which approval shall not be unreasonably withheld.

**F. Existing Underground Facilities Responsibility.** Developer shall be responsible for complying with A.R.S. 40-360.21, et seq., and related local regulations, and will assume all costs and liabilities associated with (1) coordination with the owners or agents of all underground facilities within and adjacent to the Development regarding the location of such facilities, and (2) construction near, or damage to, such underground facilities. Developer will conduct, or cause to be conducted, all excavation in a careful and prudent manner in its construction of all facilities subject to this Agreement.

**G. Additional Terms and Conditions.** Any additional terms and conditions applicable to this Agreement are contained in Attachment 4 attached hereto and incorporated herein.

## **VI. INSPECTION, TESTING AND CORRECTION OF DEFECTS**

Developer shall comply with the inspection and testing requirements of the Company for the facilities to be constructed hereunder: said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Developer shall promptly notify the Company when facilities under construction are ready for inspection and testing, and the Company shall inspect promptly after being so notified.

For the purpose of inspection and testing of everything covered by this Agreement, or the work thereon, Developer shall give the Company and any inspectors appointed by it, free access to the working places and furnish every facility for properly inspecting such materials and work and shall furnish them with full information whenever requested as to the progress of the work on its various parts. The approval of work by any such inspector shall not relieve Developer from its obligation to comply in all respects with the plans and specifications to make the work a finished job of its kind, completed in accordance with the reasonable commercial practice. Developer agrees that no inspection by or on behalf of the Company shall relieve Developer from its obligation to do and complete the work in accordance with this Agreement. If at any time before the final completion and acceptance of the work any part of the work is found to be defective or deficient in any way, or in any way fails to conform to this Agreement, the Company is hereby expressly authorized to reject or revoke acceptance of such defective or deficient work and require Developer to do over and make good on such defective work. No costs incurred by Developer to do over or make good on defective or deficient work shall be included in the Amount of Advance pursuant to Paragraph VIIIA. The Company specifically reserves the right to withhold approval and to forbid connection of the facilities constructed pursuant to this Agreement to the Company's system unless such facilities have been constructed in accordance with the plans and specifications approved by the Company and are reasonably satisfactory to the Company upon inspection and testing. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by the Company made subsequent to inspection by the Company. Company will notify Developer immediately after inspection that a defect or deficiency in construction, materials or workmanship exists and will include in that notice a reasonable description of the defect or deficiency. Company will approve the facilities constructed pursuant to this Agreement if constructed in accordance with the plans and specifications approved by Company. Upon Company's approval of construction, Company will provide Developer with a written acceptance of the facilities.

## **VII. INVOICES; LIENS; "AS-BUILT" PLANS**

**A. Invoices.** Developer agrees to furnish Company, within thirty (30) days after completion of construction, copies of Developer's, subcontractors', vendors' and all others' invoices for all engineering and other services, materials installed, construction performed, equipment provided, materials purchased and all else done for construction pursuant to this Agreement at the actual cost thereof.

**B. Liens.** Developer acknowledges its duty to obtain lien waivers from all providing labor, materials or services hereunder. Developer hereby irrevocably waives any rights it may now have or which it may acquire during the course of this Agreement to record liens against the Company or its property. Developer shall also pay, satisfy and discharge all mechanics', materialmen's and other liens, and all claims, obligations and liabilities which may be asserted against the Company or its property by reason of, or as a result of, any acts or omissions of Developer, its employees, agents, servants, suppliers, or subcontractors, or the employees, agents, servants or suppliers of its subcontractors, in connection with or relating to the performance of this Agreement.

C. **"As-Built" Plans.** Developer agrees to furnish the Company, within sixty (60) days after completion of construction, "as-built" drawings showing the locations of all water mains, hydrants, valves, and service connections to all structures served from facilities constructed pursuant to this Agreement. The drawings shall be reproducible milar prints.

## VIII. AMOUNT OF ADVANCE; REFUND; TRANSFER

A. **Amount of Advance.** Based on the estimated cost contained in Paragraph II(C), and subject to receiving invoices pursuant to Paragraph VIIA, totaling at least the estimated cost and the income tax that may be payable under Paragraph I.D, if applicable, the Advance by the Developer shall be a total of \$1,631,526. Of the total advance, \$1,631,526 shall be refundable pursuant to this Paragraph VIII. If the actual construction cost is less than the estimated Advance, the Advance shall be the lesser amount, to the extent supported by invoices provided pursuant to Paragraph VIIA. If the actual construction cost is greater than the estimated Advance, the Advance shall be the greater amount, to the extent supported by invoices provided pursuant to Paragraph VIIA. Developer shall pay to Company the actual amount of Company's legal, inspection and engineering costs incurred in connection with this Agreement for the design and installation of the facilities up to, but not exceeding, a total of three percent (3%) of the actual cost of the facilities. Developer will pay Company said legal, inspection and engineering costs within thirty (30) days following Developer's receipt of invoices for Company's legal, inspection and engineering costs paid or incurred in connection with the design or installation of the facilities. Developer shall have no liability whatsoever for any of Company's legal, inspection or engineering costs in excess of the three percent (3%) maximum. Amounts paid by Developer under this paragraph shall be included in the Advance refundable under this Agreement.

B. **Income Taxes.** In the event that prior to the end of the tax year in which the Company receives any funds due and payable by the Developer under this Agreement, the federal or state tax laws are revised making such proceeds taxable to the Company, then and in that event, Developer shall advance the full amount of such taxes computed in the manner authorized by the Commission. These funds shall be payable by the Developer to the Company within fifteen (15) days of the Company notifying the Developer of such taxes. At the time the refunds are made pursuant to Paragraph VIII.C, the Company shall also refund that portion of the income taxes associated with that refund that were advanced under this Paragraph VIIIB. The income tax advance refunds shall be based on the annual refund amount under Paragraph VIII.C. and computed at the same rate the advance was originally assessed.

C. **Computation of Refund.** Refunds of the Advance In Aid of Construction shall be made by the Company on or before the 31st day of August of each year commencing the year after final acceptance of the facilities covering any refunds owing from water revenues received during the preceding July 1 to June 30 period. Any additional charge made by the Company based on any sales, privilege tax, excise tax, or regulatory assessment, shall not be included in the computation. The annual refund shall equal ten percent (10%) of the total gross annual revenue from water sales to each bona fide customer in the Development for a period of fifteen (15) years from final acceptance of the facilities. In addition the Company shall provide a similarly computed refund of

ten percent (10%) of the total gross annual revenue from water sales to each bonafide customers outside the Development through a customer service line leading up to or taking off from the main extension covered by this Agreement for a period of fifteen (15) years from final acceptance of the facilities.

**D. Unrefunded Balance.** Any balance remaining at the end of the fifteen year period shall become non-refundable in which case the balance not refunded shall be entered as a Contribution In Aid of Construction on the accounts of the Company.

**E. Maximum Refund; Interest on Advance; Limitation on Revenues.** The refund to the Developer under this Agreement shall in no event exceed the amount of the Advance, as adjusted. No interest shall be paid by the Company on any amounts advanced.

**F. Transfer of Facilities.** In the event of the sale, conveyance or transfer by the Company, pursuant to the approval of the Arizona Corporation Commission, of any portion of its water system, including the facilities serving the Development and installed pursuant to the terms of this Agreement, the Company's obligation under Paragraph VIIC hereto shall cease (except as to any payment which is then due) conditioned upon the transferee assuming, and agreeing to pay the Developer, any sums becoming payable to Developer thereafter in accordance with the provisions of Paragraph VIIC of this Agreement.

**G. Company's Right of First Refusal.** Before selling or transferring the obligation of the Company under this Agreement, Developer shall first give the Company, or its assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Developer has received from any third person or persons which he may desire to accept.

## **IX. RISK; LIABILITY; INSURANCE**

**A. Risk.** Developer shall carry on all work required hereunder at its own risk until the same is fully completed and accepted by the Company and will, in case of accident, destruction or injury to the work or material before such final completion and acceptance, replace or repair forthwith the work of materials so injured, damaged or destroyed, to the satisfaction of the Company and at Developer's own expense.

**B. Liability.** Developer hereby assumes the entire responsibility and liability for injury or death of any person, or loss for damage to any property contributed to or caused by the active or passive negligence of Developer, its agents, servants, employees, or subcontractors in the execution of the work or in connection therewith. Accordingly, DEVELOPER WILL INDEMNIFY AND HOLD HARMLESS the Company, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments, to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage, and in case any suit or other proceeding shall be brought on account thereof, Developer will assume the defense at Developer's own expense and will pay all judgments rendered therein. Notwithstanding the foregoing, Developer does not indemnify nor hold harmless Company, its

officers, directors, agents or employees from and against any such claims or expenses incurred by reason of injury, death, loss, claim, penalty, assessment or damage contributed to or caused by the active or passive negligence of Company or its employees, servants or agents, and Developer will not assume the defense of any suit or other proceeding brought on account thereof, nor pay any judgment rendered therein.

C. **Insurance.** Developer agrees to produce and maintain all insurances described below, including insurance covering the obligations assumed by Developer under Paragraph A and Paragraph B hereof. Such coverages shall be in amounts adequate to cover the risk commensurate with the work to be performed under this Agreement. Certificates of issuance shall be provided before the commencement of actual construction.

1. Workmens' compensation in the benefit amounts, and occupational disease disability insurance, as required by the laws and regulations of the state.
2. Comprehensive general liability insurance, including operations and protective liability coverages. When the work to be performed requires blasting, Developer's insurance shall specifically cover that risk.
3. Comprehensive automobile liability insurance covering all owned and non-owned automobiles or trucks used by or on behalf of Developer, in connection with the work.

## X. MISCELLANEOUS

Before this Agreement shall become effective and binding upon either the Company or the Developer, it must be approved by the Arizona Corporation Commission or its authorized representative. In the event that it is not so approved this Agreement shall be null and void and of no force or effect whatsoever. This Agreement may not be modified or amended except by a writing signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and expressly supersedes and revokes all other prior or contemporaneous promises, representations and assurances of any nature whatsoever with respect to the subject matter hereof. The remedies provided in this Agreement shall not be deemed exclusive remedies but shall be in addition to all other remedies available at law or in equity. No waiver of any breach provision of this Agreement nor any failure to insist on strict performance by the other party of any provision of this Agreement shall in any way be construed to be a waiver of any future or subsequent breach by the other party or bar the right of a party to insist on strict performance by the other party of the provisions of this Agreement in the future. Developer is an independent contractor and not an agent or employee of the Company. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

DESERT HILLS WATER CO., INC.

GREER RANCH L.L.C.

By Mary B. Rowland

Its Vice President  
"Company"

Address:  
34647 N. 10<sup>th</sup> Street  
Phoenix, AZ 85086

By [Signature]

Its MEMBER  
"Developer"

Address:  
8800 N. Gainey Center Drive  
Scottsdale, AZ 85258

## ATTACHMENT 1

### MAP AND LEGAL DESCRIPTION OF DEVELOPMENT

[specify unit densities and type]

**ATTACHMENT 2**

**ENGINEERING PLAN OF WATER UTILITY PLAN**



**ATTACHMENT 3**

**ESTIMATED ON AND OFF-SITE FACILITIES  
AND ESTIMATED COSTS FOR  
DOMESTIC AND FIRE PROTECTION SERVICES <sup>1</sup>**

ITEM NO.	ITEM	QUANTITY	UNIT	UNIT COST	TOTAL COST
	<u>Utility Plant Additions</u>				
1.	Well and Storage Tank Site (the "On-Site Reservoir Site")	1	LS	42,000.00	42,000.00
2.	On-Site Reservoir (350,000 Gallons)	1	LS	125,000.00	125,000.00
3.	Tank site preparation	1	EA	24,000.00	24,000.00
4.	Booster Stations	2	EA	65,000.00	130,000.00
5.	12" Water Line	16,600	LF	35.00	581,000.00
6.	8" Water Line (C-900)	11,100	LF	25.00	277,500.00
7.	12" Valve, Box & Cover (1/2 mile spacing off-site)	25	EA	1,200.00	30,000.00
8.	8" Valve, Box & Cover (1/500' - 1 @ Each Booster)	50	EA	600.00	30,000.00
9.	6" Fire Hydrant Complete (1/500')	44	EA	1,800.00	79,200.00
10.	Air Release Valve (Assumed)	10	EA	1,500.00	15,000.00
11.	1" Service Taps	125	EA	200.00	25,000.00
	SUBTOTAL				1,358,700.00
11.	Sales Tax			5.75%	78,125.00
12.	Contingencies			5%	67,935.00
13.	Engineering & Survey			6%	81,522.00
14.	Company Engineering Review, Supervision w/ Legal Fees			3%	<u>45,244.00</u>
	<b>TOTAL</b>				<b>\$1,631,526.00</b>
					<b>0</b>

<sup>1</sup> The size and quantity of the required facilities and the cost of those facilities will be subsequently revised in accordance with the approved engineering plans for Phase I. Thereafter, this Attachment and the Agreement shall be revised to reflect actual cost pursuant to Paragraph C.

ATTACHMENT 3-1

On-Site Reservoir Site Legal Description

[to come]

ATTACHMENT 3-2

Well Site Legal Description

An approximate one acre parcel in the SE  $\frac{1}{4}$  of the SW  $\frac{1}{4}$  of the NW  $\frac{1}{4}$  of Section 33, Township 6 North, Range 3 East, also referred to as the Northeast quarter of Lot 30, NEW RIVER PARADISE.

ATTACHMENT 4

ADDITIONAL TERMS AND CONDITIONS



Check and initial if none

MSL

Company

[Signature]

Developer

# ARIZONA DEPARTMENT OF WATER RESOURCES

## Hydrology Division

500 North Third Street, Phoenix, Arizona 85004

Telephone (602) 417-2448

Fax (602) 417-2425



October 13, 1998

JANE DEE HULL  
Governor

RITA P. PEARSON  
Director

Ms. Mary Beth Baker  
Desert Hills Water Company  
34647 North 10th Street  
Phoenix, Arizona 85027

RE: Desert Hills Water Company  
Application for Physical Availability Demonstration #20-300484

Dear Ms. Baker:

The Department has completed review of the report entitled *Geohydrologic Evaluation of the Desert Hills Water Company CC&N*, by Manera, Inc., June 1, 1998 and analysis of available hydrologic information. The area of investigation is limited to Desert Hills Water Company CC&N. The study area consists of about 5120 acres in Sections 4, 5, 8 and 9, T5N, R3E and Sections 20, 21, 28, 29, 33 and 34, T6N, R3E, G&S R B&M in the northern part of Maricopa County within the East Salt River Valley sub-basin of the Phoenix Active Management Area.

In accordance with A.A.C. R-12-15-702(C), we have determined that 2,097 acre-feet per year of water is physically available for 100 years under A.A.C. R-12-15-703(B) for assured water supply purposes in the subject area. This water is also of adequate quality for purposes of A.A.C. R-12-15-704. This amount of 2,097 acre-feet per year includes the amount of groundwater required to meet the current demands of the Desert Hills system. According to available information, the 1997 demand was about 361 acre-feet per year. It is the Department's conclusion that pumping the projected demand of 2,097 acre-feet per year for 100 years will take the depth-to-static water level to approximately 1000 feet below land surface, the maximum depth allowed by A.A.C. R-12-15-703(B).

The results of the Department's hydrologic review fulfill the requirements of R12-15-702 (C) and can be cited in applications for a Certificates of Assured Water Supply or for Designation of Assured Water Supply. These applications have certain additional requirements based on the assured water supply criteria referenced in A.R.S. 45-576 and Rule R-12-15-701 et. seq. For further information on these requirements, please contact the Office of Assured and Adequate Water Supply Certification at (602)417-2460. If the Department finds that the groundwater supply is not available because the assumptions and information used in determining the physical availability under the current criteria prove incorrect, the Department will modify the availability of groundwater accordingly.

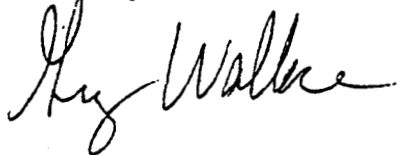
EXHIBIT H

Page 2  
October 13, 1998  
Ms. Mary Beth Baker

The Department's determination is an appealable agency action. In order to appeal this decision, you must request an appeal within thirty (30) days from receipt of this letter. I have enclosed a summary of the appeals process and an appeal form should you wish to pursue this option.

If you have any questions regarding the physical availability review, please contact me at (602) 417-2448.

Sincerely,



Greg Wallace  
Chief Hydrologist

GW/KM/ef  
2042

cc: Mr. Paul Manera, Manera, Inc.  
Mr. Steve Rossi

# ARIZONA CORPORATION COMMISSION

## Utilities Division

1200 WEST WASHINGTON PHOENIX ARIZONA 85007  
PHONES: 602 542-4251 1-800-222-7000

## EXTENSION AGREEMENT DATA SHEET

EXTENSION AGREEMENT WITH:  
**CC&N Extension Application**  
**Greer Ranch**

COMPANY NAME: **Desert Hills Water Company**  
DIVISION:  
W.A. No.:  
ACC No.: **W-02124**

NUMBER OF PROPOSED CUSTOMERS: **54**

PROJECTED PEAK USAGE (DOMESTIC GPM): **156**

NUMBER OF CUSTOMERS BY MONTH FOR THE LAST 12 MONTHS	YEAR	
	2000	2001
JANUARY		1,186
FEBRUARY		1,193
MARCH		1,199
APRIL		1,203
MAY	1,140	-
JUNE	1,155	-
JULY	1,151	-
AUGUST	1,158	-
SEPTEMBER	1,162	-
OCTOBER	1,166	-
NOVEMBER	1,170	-
DECEMBER	1,186	-

TOTAL GALLONS SOLD PER MONTH FOR LAST 12 MONTHS*	YEAR	
	2000	2001
JANUARY		7,935
FEBRUARY		10,179
MARCH		10,483
APRIL		13,614
MAY	21,445	-
JUNE	11,194	-
JULY	20,737	-
AUGUST	20,859	-
SEPTEMBER	19,524	-
OCTOBER	16,481	-
NOVEMBER	1,166	-
DECEMBER	11,929	-

WELL PUMP CAPACITY (GPM) **			
GPM	WELL #	GPM	WELL #
260	'56-631199	80	'55-087697
420	'55-559936	100	Cave Creek Interconnect

\*\*\* STORAGE CAPACITY (GALLONS): **780,000**

BOOSTER PUMP CAPACITY (GPM)			
GPM	BOOSTER	GPM	BOOSTER

Will additional well capacity be needed as a result of this agreement?

☐ Yes

☐ No

Will new booster stations be necessary to serve the proposed addition?

☐ Yes

☐ No

\* Reported in 10<sup>3</sup> gallons

\*\* ADEQ designation

\*\*\* Include ground storage

Richard L. Sallquist (002677)  
SALLQUIST & DRUMMOND, P.C.  
2525 E. Arizona Biltmore Circle, Suite 117  
Phoenix, Arizona 85016  
Telephone: (602) 224-9222  
Fax: (602) 224-9366  
Attorneys for Applicant

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION OF )  
DESERT HILLS WATER COMPANY, INC. FOR )  
AN EXTENSION OF ITS CERTIFICATE OF )  
CONVENIENCE AND NECESSITY FOR THE )  
PROVISION OF WATER SERVICE IN )  
PORTIONS OF MARICOPA COUNTY, )  
ARIZONA, )

DOCKET NO. W-02124A-01-\_\_\_\_  
**NOTICE OF PUBLICATION**

STATE OF ARIZONA )  
County of Maricopa )ss )

I, Mary Beth Rowland, Vice President of Desert Hills Water Company, Inc., hereby file the original Affidavit of Publication attached hereto as Attachment 1 and incorporated herein by reference for all purposes, as published by The \_\_\_\_\_, a newspaper of general circulation in the area subject to the application, said application being completed on the date set forth in the attached Affidavit of Publication.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2001

DESERT HILLS WATER COMPANY, INC.

By: \_\_\_\_\_  
Mary Beth Rowland, Vice President

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2001, by Mary Beth Rowland.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_



1 Original and ten copies of the  
2 foregoing filed this \_\_\_\_ day  
3 of \_\_\_\_\_, 2001:

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007  
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**PUBLIC NOTICE OF AN APPLICATION FOR AN  
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY  
BY DESERT HILLS WATER COMPANY, INC.**

Desert Hills Water Company, Inc. has filed with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are either currently a customer of Desert Hills Water Company, Inc. or are a property owner in the proposed extension area. If the application is granted, Desert Hills Water Company, Inc. would be the exclusive provider of water service to the proposed area. Desert Hills Water Company, Inc. will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at 34697 N. 10<sup>th</sup> Street, Phoenix, Arizona 85027.

The Commission will hold a hearing on this matter. As a property owner or customer you may have the entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.